

CITY OF SABETHA, KANSAS
Financial Statements
For the Year Ended December 31, 2014

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City of Sabetha, Kansas
Financial Statements
For the Year Ended December 31, 2014

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MIZE & HOUSER
COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT

Mayor and City Commission
City of Sabetha, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the municipal financial reporting entity of the City of Sabetha, Kansas, (the City), as of and for the year ended December 31, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2014, or the changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, the individual fund schedules of regulatory basis receipts and expenditures-actual and budget, the schedules of regulatory basis receipts and expenditures-related municipal entities, and the summary of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Mig Houser & Company PA

Certified Public Accountants
Lawrence, Kansas

August 5, 2015

City of Sabetha, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2014

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Funds:							
General	\$ 381,243	\$ -	\$ 2,499,657	\$ 2,455,914	\$ 424,986	\$ -	\$ 424,986
Special Purpose Funds:							
Library	4,343	-	123,043	121,726	5,660	-	5,660
Airport	197,215	-	48,735	50,291	195,659	-	195,659
Parks and Recreation	-	-	4,138	4,138	-	-	-
Highway	-	-	66,358	66,358	-	-	-
Bond and Interest Funds:							
Bond and Interest	213,177	-	22,727	71,288	164,616	-	164,616
Capital Project Funds:							
Library Improvement	260,213	-	249,149	183,830	325,532	-	325,532
Business Funds:							
Electric	3,713,791	-	5,155,021	5,077,997	3,790,815	-	3,790,815
Water	75,888	-	657,428	610,944	122,372	-	122,372
Sewer	184,459	-	724,079	673,743	234,795	-	234,795
Related Municipal Entities:							
Mary Cotton Public Library	148,783	-	156,365	152,479	152,669	-	152,669
Sabetha Cemetery	18,336	-	47,512	48,590	17,258	2,825	20,083
Total Reporting Entity [Excluding Agency Funds]	<u>\$ 5,197,448</u>	<u>\$ -</u>	<u>\$ 9,754,212</u>	<u>\$ 9,517,298</u>	<u>\$ 5,434,362</u>	<u>\$ 2,825</u>	<u>\$ 5,437,187</u>

Composition of Cash:	M & J Bank	
	Checking	\$ 563,368
	Money Market	2,699,315
	Community National Bank	
	Checking	495,312
	Money Market	10,144
	United Bank	
	Checking	1,485,378
	Money Market	34,874
	Court	3,529
	EMS	50,499
	Fitness Partners	8,042
	Library Checking	49,980
	Library Money Market	15,379
	Library Certificate of Deposit	87,310
	Cemetery Checking	9,124
	Cemetery Money Market	7,524
	Cemetery Certificate of Deposit	3,435
	Subtotal	5,523,213
	Less: Agency Funds per Schedule 4	[86,026]
	Total Reporting Entity [Excluding Agency Funds]	<u>\$ 5,437,187</u>

The notes to the financial statements are an integral part of this statement.

City of Sabetha, Kansas
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Sabetha (the City) is a municipal corporation governed by a five-member commission. These financial statements present only the primary government of the City and the Mary Cotton Public Library and Sabetha Cemetery related municipal entities. They exclude one of the related municipal entities for which the City is considered financially accountable:

The Sabetha Housing Authority

Separate financial statements may be obtained directly from the above.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Regulatory Basis Fund Types

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

City of Sabetha, Kansas
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Governmental Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2014:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Projects Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

Fiduciary Fund - used to report assets held in a trustee or agency capacity for others and which therefore cannot be sued to support the government's own programs (i.e. payroll clearing fund, permanent trust funds, etc.).

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and governing body may amend the budget at that time. The budget for the year ended December 31, 2014 was not amended.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

City of Sabetha, Kansas
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

A legal operating budget is not required for capital project funds or fiduciary funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 2 - Leases

The City has entered into the following lease agreements as lessee for financing the acquisition of equipment:

Item		Final	Interest	Original	Balance
<u>Purchased</u>	<u>Issued</u>	<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>	<u>December 31, 2014</u>
Pelican Street Sweeper	2012	2017	3.24%	161,580	\$ 100,022
Fire Truck	2013	2018	1.98%	220,000	177,709
Ambulance	2014	2018	2.98%	110,000	<u>110,000</u>
					<u>\$ 387,732</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

<u>Year Ending</u>	
<u>December 31,</u>	
2015	\$ 111,753
2016	111,753
2017	111,753
2018	<u>76,229</u>
Total minimum lease payments	411,487
Less: amount representing interest	<u>[23,756]</u>
Present value of minimum lease payments	<u>\$ 387,732</u>

City of Sabetha, Kansas
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 3 - Long-Term Debt

During the year ended December 31, 2014, the following changes occurred in long term liabilities:

	Balance January 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2014</u>	Amounts Due Within <u>One Year</u>
General obligation bonds	\$ 675,000	\$ -	\$ 160,000	\$ 515,000	\$ 165,000
Special obligation	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 687,000</u>	<u>\$ -</u>	<u>\$ 172,000</u>	<u>\$ 515,000</u>	<u>\$ 165,000</u>
KDHE revolving loan	\$ 2,154,217	\$ -	\$ 153,440	\$ 2,000,777	\$ 158,237
Hospital construction general obligation bonds	<u>3,945,000</u>	<u>-</u>	<u>155,000</u>	<u>3,790,000</u>	<u>155,000</u>
	<u>\$ 6,099,217</u>	<u>\$ -</u>	<u>\$ 308,440</u>	<u>\$ 5,790,777</u>	<u>\$ 313,237</u>

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary fund activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund regulatory receipts. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds outstanding at December 31, 2014 are as follows:

<u>Purpose</u>	<u>Issued</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Current Amount</u>
Library	2008-A	2017	3.00 - 3.70%	\$ 1,490,000	\$ 515,000
Hospital construction	2011-A	2033	2.00 - 4.00%	<u>4,280,000</u>	<u>3,790,000</u>
				<u>\$ 5,770,000</u>	<u>\$ 4,305,000</u>

City of Sabetha, Kansas
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 3 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Governmental Funds		Enterprise Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 165,000	\$ 18,550	\$ 155,000	\$ 117,900	\$ 320,000	\$ 136,450
2016	175,000	12,775	160,000	114,800	335,000	127,575
2017	175,000	6,475	165,000	111,600	340,000	118,075
2018	-	-	165,000	108,300	165,000	108,300
2019	-	-	170,000	104,175	170,000	104,175
2020-2024	-	-	925,000	454,380	925,000	454,380
2025-2029	-	-	1,055,000	308,610	1,055,000	308,610
2030-2033	-	-	995,000	100,170	995,000	100,170
	<u>\$ 515,000</u>	<u>\$ 37,800</u>	<u>\$ 3,790,000</u>	<u>\$ 1,419,935</u>	<u>\$ 4,305,000</u>	<u>\$ 1,457,735</u>

Special Assessments. As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Debt Service Fund. Special assessments paid prior to the issuance of bonds are recorded as regulatory receipts in the appropriate project. Special assessments received after the issuance of bonds are recorded as regulatory receipts in the Debt Service Fund.

Special Obligation Bonds. The City issues special obligation bonds to provide funds for the acquisition and construction of major capital facilities. The special obligation bond matured during the year.

State Agency Loans. In 2004, the City arranged for a \$3,250,000 loan from The Kansas Water Pollution Control Revolving Loan Fund through the Kansas Department of Health and Environment for improving the wastewater system of Sabetha. The City is obligated to make semi-annual payments of \$106,567 from March 1, 2006 to September 1, 2025. These payments will include a gross interest rate of 2.54% plus a .25% service fee. At December 31, 2014, the outstanding principal balance was \$2,000,777. The following displays annual debt service requirements to maturity for the loan payable to be paid from service regulatory receipts, for the full proceeds amount:

Year Ending December 31,	
2015	\$ 213,134
2016	213,134
2017	213,134
2018	213,134
2019	213,134
2020-2024	1,065,671
2025	<u>214,066</u>
Total principal, interest, and service fees	2,345,407
Less: interest and service fees	<u>[344,630]</u>
Total principal	<u>\$ 2,000,777</u>

City of Sabetha, Kansas
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 4 – Deposits and Investments

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

Investments. K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. As of December 31, 2014, the City held no investments.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods".

At December 31, 2014, the City's carrying amount of deposits was \$5,350,461 and the bank balance was \$5,438,730. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$750,000 was covered by federal depository insurance and the balance of \$4,688,730 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2014, the Library's carrying amount of deposits was \$152,669 and the bank balance was \$154,557. The bank balance was held by one bank resulting in a concentration of credit risk. All of the Library's bank balance was covered by federal depository insurance.

At December 31, 2014, the Cemetery's carrying amount of deposits was \$20,083 and the bank balance was \$20,083. The bank balance was held by one bank resulting in a concentration of credit risk. All of the Cemetery's bank balance was covered by federal depository insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 5 - Interfund Transfers

A reconciliation of transfers by fund type for 2014 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
Highway Fund	General Fund	\$ 66,358	K.S.A. 68-590
Parks and Recreation Fund	General Fund	4,138	K.S.A. 79-2958
General Fund	Sewer Fund	106,240	K.S.A. 12-631o
Electric Fund	General Fund	300,000	K.S.A. 12-825d

City of Sabetha, Kansas
Notes to the Financial Statements
For the Year Ended December 31, 2014

NOTE 6 - Retirement Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is a part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-419 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTE 7 - Compensated Absences

It is the City's policy to pay employees' accrued vacation pay upon termination of employment. As of December 31, 2014, the liability for accrued vacation pay was \$37,703.

NOTE 8 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the City carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 10 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the City as of December 31, 2014.

City of Sabetha, Kansas
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Over [Under]</u>
General Funds:					
General	\$ 2,448,590	\$ 110,000	\$ 2,558,590	\$ 2,455,914	\$ 102,676
Special Purpose Funds:					
Library	132,200	-	132,200	121,726	10,474
Airport	100,000	-	100,000	50,291	49,709
Parks and Recreation	5,200	-	5,200	4,138	1,062
Highway	66,560	-	66,560	66,358	202
Bond and Interest Funds:					
Bond and Interest	248,008	-	248,008	71,288	176,720
Capital Project Funds:					
Library Improvement	183,830	-	183,830	183,830	-
Business Funds:					
Electric	5,494,020	-	5,494,020	5,077,997	416,023
Water	902,000	-	902,000	610,944	291,056
Sewer	753,726	-	753,726	673,743	79,983

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Taxes	\$ 660,632	\$ 665,060	\$ [4,428]
Intergovernmental	360,181	394,834	[34,653]
Franchise tax	206,342	225,000	[18,658]
Licenses	5,601	15,000	[9,399]
Fines and fees	18,816	25,000	[6,184]
Interest	4,510	15,000	[10,490]
Use of property	22,294	20,000	2,294
Charges for services	403,967	355,000	48,967
Reimbursement	284,651	275,000	9,651
Lease proceeds	110,000	-	110,000
Operating transfers	370,496	71,760	298,736
Miscellaneous	<u>52,167</u>	<u>81,289</u>	<u>[29,122]</u>
Total Receipts	<u>2,499,657</u>	<u>\$ 2,142,943</u>	<u>\$ 356,714</u>
Expenditures			
General Government			
Personnel	197,269	\$ 227,850	\$ 30,581
Contractual services	97,820	130,150	32,330
Commodities	19,107	50,750	31,643
Law Enforcement			
Personnel	343,870	338,090	[5,780]
Contractual services	65,815	100,280	34,465
Commodities	8,939	35,420	26,481
Parks and Recreation			
Personnel	160,286	200,250	39,964
Contractual services	102,141	120,850	18,709
Commodities	13,377	35,450	22,073
Streets			
Personnel	160,235	252,900	92,665
Contractual services	118,930	130,150	11,220
Commodities	126,162	148,600	22,438
EMT			
Personnel	112,763	105,490	[7,273]
Contractual services	21,932	40,480	18,548
Commodities	15,503	35,910	20,407
Industrial development	4,691	4,500	[191]
Capital outlay	600,234	214,110	[386,124]
Cemetery subsidy	24,000	24,000	-

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
General Fund (Continued)
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Expenditures (Continued)			
Debt service	\$ 156,600	\$ 147,120	\$ [9,480]
Operating transfers	106,240	106,240	-
Adjustment for qualifying budget credits	<u>-</u>	<u>110,000</u>	<u>110,000</u>
Total Expenditures	<u>2,455,914</u>	<u>\$ 2,558,590</u>	<u>\$ 102,676</u>
Receipts Over [Under] Expenditures	43,743		
Unencumbered Cash, Beginning	<u>381,243</u>		
Unencumbered Cash, Ending	<u>\$ 424,986</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Taxes	<u>\$ 123,043</u>	<u>\$ 115,408</u>	<u>\$ 7,635</u>
Total Receipts	<u>123,043</u>	<u>\$ 115,408</u>	<u>\$ 7,635</u>
Expenditures			
Appropriations	<u>121,726</u>	<u>\$ 132,200</u>	<u>\$ 10,474</u>
Total Expenditures	<u>121,726</u>	<u>\$ 132,200</u>	<u>\$ 10,474</u>
Receipts Over [Under] Expenditures	1,317		
Unencumbered Cash, Beginning	<u>4,343</u>		
Unencumbered Cash, Ending	<u>\$ 5,660</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
 Airport Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Charges for services	\$ 48,735	\$ 55,000	\$ [6,265]
Intergovernmental	<u>-</u>	<u>92,000</u>	<u>[92,000]</u>
Total Receipts	<u>48,735</u>	<u>\$ 147,000</u>	<u>\$ [98,265]</u>
Expenditures			
Contractual services	15,510	\$ 10,000	\$ [5,510]
Commodities	34,781	20,000	[14,781]
Capital outlay	<u>-</u>	<u>70,000</u>	<u>70,000</u>
Total Expenditures	<u>50,291</u>	<u>\$ 100,000</u>	<u>\$ 49,709</u>
Receipts Over [Under] Expenditures	[1,556]		
Unencumbered Cash, Beginning	<u>197,215</u>		
Unencumbered Cash, Ending	<u>\$ 195,659</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Taxes	\$ 4,138	\$ 5,200	\$ 1,062
Total Receipts	<u>4,138</u>	<u>\$ 5,200</u>	<u>\$ 1,062</u>
Expenditures			
Operating transfers	<u>4,138</u>	\$ 5,200	\$ 1,062
Total Expenditures	<u>4,138</u>	<u>\$ 5,200</u>	<u>\$ 1,062</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
 Highway Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Taxes	\$ 66,358	\$ 66,560	\$ [202]
Total Receipts	<u>66,358</u>	<u>\$ 66,560</u>	<u>\$ [202]</u>
Expenditures			
Transfers out	<u>66,358</u>	\$ 66,560	\$ 202
Total Expenditures	<u>66,358</u>	<u>\$ 66,560</u>	<u>\$ 202</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Taxes	\$ 22,727	\$ 23,622	\$ [895]
Miscellaneous	<u>-</u>	<u>6,899</u>	<u>[6,899]</u>
Total Receipts	<u>22,727</u>	<u>\$ 30,521</u>	<u>\$ [7,794]</u>
Expenditures			
Principal	70,400	\$ 19,880	\$ [50,520]
Interest	<u>888</u>	<u>228,128</u>	<u>227,240</u>
Total Expenditures	<u>71,288</u>	<u>\$ 248,008</u>	<u>\$ 176,720</u>
Receipts Over [Under] Expenditures	[48,561]		
Unencumbered Cash, Beginning	<u>213,177</u>		
Unencumbered Cash, Ending	<u>\$ 164,616</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Library Improvement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Intergovernmental	\$ 249,149	\$ 245,000	\$ 4,149
Total Receipts	<u>249,149</u>	<u>\$ 245,000</u>	<u>\$ 4,149</u>
Expenditures			
Debt service	<u>183,830</u>	\$ 183,830	\$ -
Total Expenditures	<u>183,830</u>	<u>\$ 183,830</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	65,319		
Unencumbered Cash, Beginning	<u>260,213</u>		
Unencumbered Cash, Ending	<u>\$ 325,532</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Electric Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Charges to customers	\$ 5,078,725	\$ 5,400,000	\$ [321,275]
Reimbursements	61,226	420,000	[358,774]
Use of money and property	<u>15,070</u>	<u>23,000</u>	<u>[7,930]</u>
Total Receipts	<u>5,155,021</u>	<u>\$ 5,843,000</u>	<u>\$ [687,979]</u>
Expenditures			
Administration	245,523	\$ 226,825	\$ [18,698]
Production	674,777	896,935	222,158
Distribution	3,197,643	3,499,510	301,867
Capital outlay	610,054	565,750	[44,304]
Debt service	50,000	305,000	255,000
Transfers out	<u>300,000</u>	<u>-</u>	<u>[300,000]</u>
Total Expenditures	<u>5,077,997</u>	<u>\$ 5,494,020</u>	<u>\$ 416,023</u>
Receipts Over [Under] Expenditures	77,024		
Unencumbered Cash, Beginning	<u>3,713,791</u>		
Unencumbered Cash, Ending	<u>\$ 3,790,815</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Water Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Charges to customers	\$ 645,554	\$ 728,000	\$ [82,446]
Miscellaneous	5,846	70,000	[64,154]
Use of money and property	<u>6,028</u>	<u>65,000</u>	<u>[58,972]</u>
Total Receipts	<u>657,428</u>	<u>\$ 863,000</u>	<u>\$ [205,572]</u>
Expenditures			
Administration	122,648	\$ 130,000	\$ 7,352
Production	208,743	205,100	[3,643]
Distribution	217,844	162,000	[55,844]
Capital outlay	51,709	65,000	13,291
Debt service	<u>10,000</u>	<u>339,900</u>	<u>329,900</u>
Total Expenditures	<u>610,944</u>	<u>\$ 902,000</u>	<u>\$ 291,056</u>
Receipts Over [Under] Expenditures	46,484		
Unencumbered Cash, Beginning	<u>75,888</u>		
Unencumbered Cash, Ending	<u>\$ 122,372</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Sewer Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Charges to customers	\$ 361,562	\$ 382,000	\$ [20,438]
Reimbursements	2,608	4,200	[1,592]
Sales tax	249,149	260,000	[10,851]
Operating transfers	106,240	106,240	-
Use of money and property	<u>4,520</u>	<u>7,500</u>	<u>[2,980]</u>
Total Receipts	<u>724,079</u>	<u>\$ 759,940</u>	<u>\$ [35,861]</u>
Expenditures			
Administration	131,705	\$ 141,100	\$ 9,395
Treatment	148,503	205,485	56,982
Capital outlay	81,871	43,260	[38,611]
Collection	99,183	151,400	52,217
Debt service	<u>212,481</u>	<u>212,481</u>	<u>-</u>
Total Expenditures	<u>673,743</u>	<u>\$ 753,726</u>	<u>\$ 79,983</u>
Receipts Over [Under] Expenditures	50,336		
Unencumbered Cash, Beginning	<u>184,459</u>		
Unencumbered Cash, Ending	<u>\$ 234,795</u>		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Mary Cotton Public Library - Related Municipal Entity
General Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2014

Receipts	
State of Kansas	\$ 918
NEKL Association	18,230
City appropriation	121,726
Interest	959
Donations and sales	7,132
Matching funds	4,380
Reimbursements	30
Miscellaneous	<u>2,990</u>
Total Receipts	<u>156,365</u>
Expenditures	
Salary and payroll taxes	81,057
Books, periodicals and film	28,254
Supplies	10,068
Utilities	10,892
Maintenance	10,875
Miscellaneous	<u>11,333</u>
Total Expenditures	<u>152,479</u>
Receipts Over [Under] Expenditures	3,886
Unencumbered Cash, Beginning	<u>148,783</u>
Unencumbered Cash, Ending	<u>\$ 152,669</u>

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
 Sabetha Cemetery - Related Municipal Entity
 General Fund
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2014

Receipts	
City appropriation	\$ 24,000
Interest	108
Charges for services	18,940
Land rent	600
Miscellaneous	<u>3,864</u>
Total Receipts	<u>47,512</u>
Expenditures	
Salaries	18,050
Payroll taxes	4,716
Contractual service	17,839
Supplies	<u>7,985</u>
Total Expenditures	<u>48,590</u>
Receipts Over [Under] Expenditures	[1,078]
Unencumbered Cash, Beginning	<u>18,336</u>
Unencumbered Cash, Ending	<u>\$ 17,258</u>

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
 Agency Funds
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2014

<u>Fund</u>	Beginning Cash Balance	<u>Receipts</u>	<u>Expenditures</u>	Ending Cash Balance
Tax Fund	\$ 25,040	\$ -	\$ 1,084	\$ 23,956
Municipal Court Fund	2,011	29,956	28,438	3,529
EMS Fund	24,846	356,168	330,515	50,499
Fitness Partners Fund	8,030	12	-	8,042
EMS Building Fund	<u>45,020</u>	<u>50</u>	<u>45,070</u>	<u>-</u>
Total Agency Funds	<u>\$ 104,947</u>	<u>\$ 386,186</u>	<u>\$ 405,107</u>	<u>\$ 86,026</u>

See independent auditor's report on the financial statements.